

## ATTITUDES AND PERCEPTION TOWARDS ENTREPRENEURSHIP: EVIDENCE FROM GLOBAL ENTREPRENEURSHIP MONITOR (GEM) DATA IN INDIA

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### ABSTRACT

*Entrepreneurship has been identified as an important resource for developing countries to empower them to compete in globalized market economy. It is an important factor for social development and economic prosperity in a country. Attitudes and perception of individuals towards entrepreneurship plays an important role in governing entrepreneurial intention and thereby affecting entrepreneurial growth and activity in an economy. The present study aims at identifying the factors affecting individual's attitude and perception towards entrepreneurship in India based on Adult Population Survey (APS) of Global Entrepreneurship Monitor (GEM) 2021-22. The study focuses on various aspects of attitudes and perception such as gender, region etc. with an intention to identify that whether they are leading to entrepreneurial activity in the country or not. The study concludes that adults in India have positive attitudes and perception for entrepreneurship but at the same time they have fear in their mind that they might fail in business. This fear is affecting entrepreneurial intention negatively and thereby restricts entrepreneurial activity. The study suggests that remedial action need to be taken so that fear of failure among adults can be reduced and a favourable business environment can be created for entrepreneurial growth in the nation.*

**KEYWORDS:** Attitudes, Perception, Entrepreneurship, GEM, Adult Population Survey (APS).

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### Introduction

Entrepreneurship has been identified as one of the key factor for economic growth and job creation in a nation by many researchers and policy makers (Botha et al. 2007; Athayde, 2012; Ambrish, 2014; Philips et al. 2014; Haque et al. 2017). It contributes significantly to GDP of a country and thus it is a major factor of economic growth. Research related to entrepreneurship in India started in 1960s. McClelland (1961) and McClelland & Winter (1978) made first move to conduct studies on entrepreneurship in India. After 50 years entrepreneurship still prevail as hot topic of research in India (Khanna, 2008; Pota, 2010, Nath, 2007). Entrepreneurship is viewed as the prime factor for economic growth, employment generation, technological progress along with promoting innovation and creativity contributing to socio-economic welfare (Acs, Desai & Hessels, 2008; Fellhofer & Kraus, 2015).

Most researchers infer that opportunity is the heart of the entrepreneurial process and actions taken by individuals as entrepreneurs (Acs and Audretsch, 2011; Shane & Vankataraman, 2000). "Attitude is the extent to which an individual forms positive or negative opinion on becoming an entrepreneur" (Farashah, 2013). Attitude significantly affects the behaviour and intentions. Entrepreneurial intention is awareness in the individual that he/she intend to start a new business in the future. It also confers that a person intends to develop entrepreneurship activities (Mohamad et al. 2015; Souitaris et al. 2007). There is sufficient evidence on the entrepreneurial process and factors of

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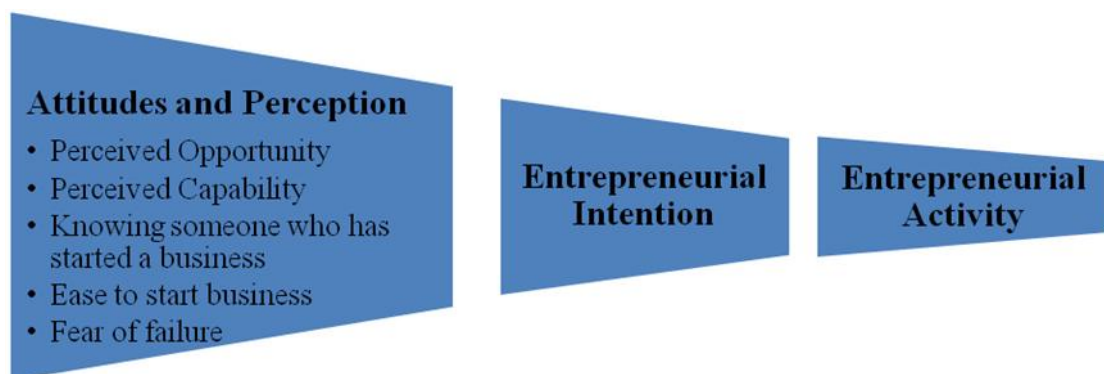
entrepreneurship development in most of the sectors of the economy. The evidence indicates that attitude and behaviour of an individual significantly affects the entrepreneurial intention around the world (Barazandeh et al. 2015; Dileo & Garcia Pereiro, 2018; Hechavarria & Ingram 2016; Lam Harris & Sen Yang, 2019). Numerous studies have examined the antecedents of entrepreneurial intentions using theory of planned behaviour which implies that attitudes are the best predictor of intent towards the act, social norms & perceived behavioural control (Ferreira et al. 2012). Khan et al. 2019 concluded that intellectual capital such as knowledge & skills, entrepreneurial opportunities, knowing other entrepreneurs and business angels have significant and positive impact on entrepreneurial intentions. Arafat and Saleem 2017 concluded that gender, self – efficacy, perceived opportunities and risk perception are the major determining factors of new business start up in India. There are limited number of studies focusing on individual’s attitude and perception towards entrepreneurship in India. This paper aims to examine the factors relating to attitudes and perception of adults towards entrepreneurship in India. It also intends to examine the influence of attitudes & perception on entrepreneurial intention and thereby its impact on entrepreneurial activity. The analysis of such factors which affect entrepreneurial intention in developing countries such as India would help in formulating policies and strategies for creating conducive business environment for entrepreneurship, developing positive attitudes among the adults which can lead to positive entrepreneurial intention and thereby entrepreneurial activity.

There are some international studies that carry out research on entrepreneurship in different countries. Global Entrepreneurship Monitor (GEM) is one of them. GEM is a networked federation of national country teams mainly associated with top academic institution. It is the single global research source which collects data on entrepreneurship directly from entrepreneurs. The present study is based on GEM 23<sup>rd</sup> Global Report 2021-22. GEM collects data through Adult Population Survey (APS) and National Expert Survey (NES). APS is an extensive interview questionnaire, administered to minimum 2,000 adults in age group of 18-64 years in each GEM economy, formulated to collect comprehensive information on the entrepreneurial activities, attitudes and aspirations of the respondents. NES is done through selected experts in each GEM economy and collects their views in context of entrepreneurship in that economy. There are 47 economies who participated in APS of GEM in 2021. There are also national reports prepared by GEM for each economy. This study also relies on GEM National report for India 2020-21. The next section of the paper is focused on analysing the attitudes and perception of adults in India towards entrepreneurship along with examining the differences in context of gender, region and other economies. The paper also elucidate on impact of COVID on entrepreneurship in India with special reference to attitudes and perception towards entrepreneurship.

**Attitudes and Perceptions towards Entrepreneurship in India**

The intention to start a business depends upon many factors such as observing others who are starting business belonging to one’s own community, being able to identify business opportunities and having faith in oneself of start a business. As per GEM global report there are some enabling factors for attitudes and perception towards entrepreneurship. These are shown in the Figure 1. These factors shape entrepreneurial intention and which further leads to entrepreneurial activity in the economy. This paper is designed on the basis of following conceptual framework.

**Figure 1: Conceptual Framework**



Perceived opportunity and perceived capability has major influence on entrepreneurial intention which can be hampered by fear of failure. Fear of failure can be due to many reasons but the major factor responsible for this is business environment. This fear of failure need to be addressed by proper policy making for creating conducive business environment for business, Positive attitude and perceptions have positive impact on entrepreneurial intention which leads to entrepreneurial activity in the country. The decision to start a business is influenced by attitudes and perception of an entrepreneur which one derive from directly knowing an entrepreneur, availability of business opportunities and their view that starting business is easy.

Table 1 shows data relating to attitudes and perception as per Adult Population Survey 2021. As shown in Table 1, around 63.1% of the adults know someone who started business in past few years. Around 83.4% of the respondents in India strongly believe that there will be good local opportunities to start a business in next three months. About 82.2% of the adult population strongly agree on the fact that it is easy to start business in India. A strong correlation can be seen between seeing good opportunities and ease to start a business. Out of 47 countries included in Adult Population Survey (APS) Iran, Italy and Japan shows relatively low proportions while India, Saudi Arabia and Sweden have more than 4 out of 5 adults seeing good opportunities to start a business and ease to start a business.

**Table 1: Attitudes and Perception**

Enabling Factors	% Adults	Rank/47
Know someone who has started a new business	63.1	11
Good opportunity to start business in my area	83.4	2
It is easy to start business	82.2	4
Personally have skills & knowledge	86	4
Fear of failure	54.1	2
Entrepreneurial intentions	18.1	21

Source: APS Survey 2021-22

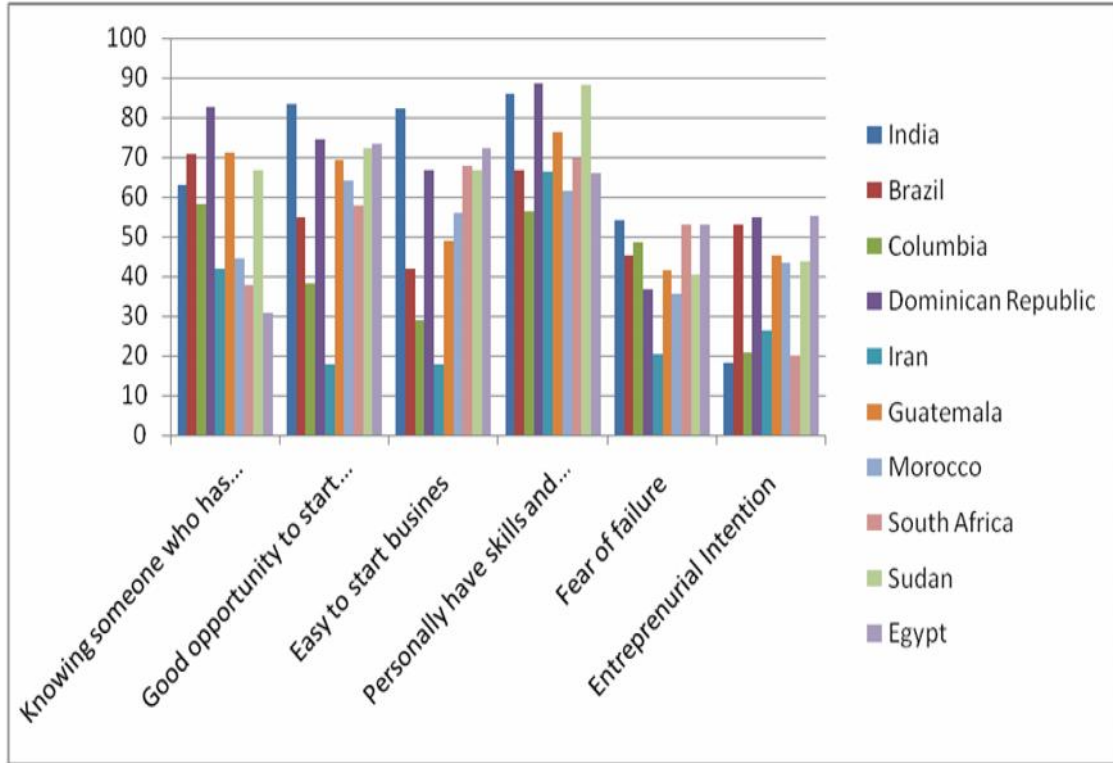
The recognition of good opportunities for starting a business may not be sufficient until an individual do not perceive himself having necessary skills, knowledge. Besides that having a fear that business may fail can also be an obstruction for intention to start a business. If we look at the data of APS, almost 86% of the adults in India agree on having required knowledge, skill and experience to start their own business. Out of those who see good opportunities to start a business, around 54% of the adults would not start a business because of the fear of failure in India. Out of the 47 economies majority of the economies including India have more than 50 % adults who have a fear that business might fail.

The data regarding percentage of adults expecting to start a new business in next three years shows that in India only 18.1% of the adults are expecting to start business in next three years. The data clearly shows that India scored relatively high with regard to seeing good opportunities, agreeing that it is easy to start business and having necessary knowledge and skills to do so. However in India less than one in five adults is actually expecting to start business in next three years. It proves the fact that fears of failure is the main culprit behind the low intention rate for entrepreneurship in India.

#### **Comparison of Attitudes and Perception towards entrepreneurship among Level C Economies**

As per classification of economies by GEM Global Report 2021-22, there are three groups which have been made on the basis of GDP per capita. Group A include economies with GDP per capita of more than \$40000. Group B includes economies with GDP per capita of \$20000 to \$40000. Group C comprises of economies with GDP per capita of less than \$20000. India is amongst group C economies along with Brazil, Egypt, Columbia, Dominican Republic, Guatemala, Jamaica, Iran, Morocco, Mexico, Sudan and South Africa.

**Figure 2: Comparison of Attitudes and Perception towards Entrepreneurship in Level C Economies**



Source: GEM Adult Population Survey 2021.

Figure 2 shows the relationship between percentage of adults in the age group of (18-64 years) shown on Y axis and six variables of attitudes and perception shown on X axis with regard to Level C economies as per APS (Adult Population Survey) 2021. As shown above there is wide variation in the percentage of adults who says that they know someone who has started business recently. Amongst the Level C economies Dominican Republic is showing highest proportions while Egypt is on the lowest end with regard to knowing someone started business lately. For perceived opportunity, India is showing highest percentage of adults who see local opportunity to start business while Iran is showing lowest proportions among all. With regard to ease of doing business India is again on the highest end while Iran on the lowest. The results of the APS of adults who agree that they have necessary skills and knowledge shows that Dominican Republic is showing highest proportion amongst all followed by Sudan and India while Columbia is showing lowest proportion. The results of the fear of failure reveal that more than 50% of the adults in majority of the economies have a fear that they might fail. The graph indicates that fear of failure is highest among adults in India followed by South Africa and Egypt. The percentage of adults who thinks to start a business in next three years conveys the entrepreneurial intention of the adults. Egypt is scoring high for entrepreneurial intentions among all Level C economies while India scores lowest of all. India scored relatively better in perceiving good opportunities, ease of doing business and possessing necessary skills and knowledge but despite of that the entrepreneurial intentions are lowest in India and fear of failure is highest. It clearly reveals that fear of failing in business is the dominating factor in India which cause lowest intentions to start a business although adults strongly believes having good opportunities, ease of business and required knowledge & skills. These are contradictory results.

These results indicate that there is dire need to explore the factors that cause fear of failure in adults in India so that this issue can be addressed. In many countries entrepreneurial intentions are high despite low perceived opportunities and ease of business. In India there is need to work on the factor of fear among adults so that positive attitudes and perception can be converted into positive entrepreneurial intention and thereby entrepreneurial activity.

**Attitudes and Perception towards entrepreneurship in India on gender basis**

It is expected that attitudes and perceptions of males and females towards entrepreneurship would vary in India due to various social and cultural norms. The data collected from APS for attitudes and perception of males and females towards entrepreneurship in India have been presented in following figure. The Y axis shows the percentage of adult male and female and X axis shows the factors of attitudes and perception for entrepreneurship.

The data in Figure 3 shows that attitudes and perception towards entrepreneurship do not differ widely on the basis of gender. In all the variables, difference between figures of male and female is very less. While in case of fear of failure male seems to be less fearful than females to start a business. So it implies that more conducive environment needs to be created for entrepreneurship to remove the fear of failure and there is also need to bring a change in the attitudes of people so that failure is not viewed as stigma rather it should be understood as a fruitful exercise. The data shows that there is very less variation in attitudes and perception of males and females towards entrepreneurship in India.



**Figure 3: Attitudes and Perception of Males and Females towards Entrepreneurship in India**

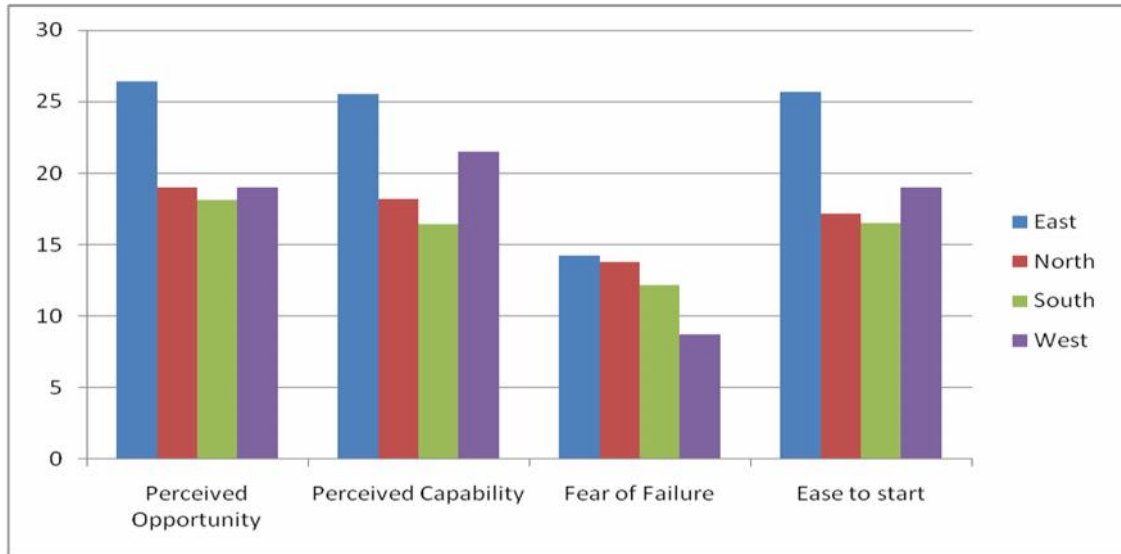
Source: GEM Adult Population Survey 2021

**Regional differences in Attitudes and Perception towards entrepreneurship in India**

In Figure 4 the comparison has been made between four regions of India i.e. East, West, South and North with regard to attitudes and perception towards entrepreneurship. On Y axis percentage of adults have been shown and X axis factors of attitude and perception has been shown. The data in the Figure 4 shows that East India is leading in almost all the variables.

The data shows that East India is leading (26%) in perceived opportunities followed by North, West and South India. Perceived capabilities are also higher (25.5%) in East India followed by West and North India. As regard to fear of failure also East India is leading and it is least in West India. In ease of business East India is again leading with more than 25 % adults agreeing on ease to start business in their area.

**Figure 4: Region - wise comparison of Attitudes and Perception towards entrepreneurship in India**



Source: GEM India 2020-21

**Impact of COVID – 19 on Entrepreneurship in India**

The COVID has hit every sector across the globe. As per GEM Global Report 2021-22, 90.8 % of adults agrees that pandemic has led to decrease in household income. Entrepreneurs have been affected widely all over the world. Most of the entrepreneurs were concerned about sustainability and survival of their business. In India 60% of the entrepreneurs were worried about the existence of their business while 81% suffered losses in their trade. Around 39% of businesses had to lay off their staff. In India around 70% entrepreneurs shifted to new or alternative business plans for their business. Almost 23% entrepreneurs moved to online trading due to COVID. The pandemic and related lockdowns significantly hampered trade and many entrepreneurial dreams were put on hold as market squeezed or disappeared. There were also emergence of new opportunities which were exploited by established businesses as evidenced by last year’s GEM Global Report. In long term some positive impacts were also recognized on business efficiency, business refocus, and business opportunities. The pandemic has led to focus towards digital trading, sustainable growth, improved processes and practices.

As per “Entrepreneurship during COVID -19 pandemic, King’s College London” 28% of entrepreneurs in India got delayed payments, 27% had problem paying maintenance, 25% applied for government support, 39% recognized new business opportunities. As per report Indian Entrepreneurs had optimistic attitude and they moderately suffered perceived stress during COVID.

**Impact of COVID- 19 on Attitudes and Perception towards entrepreneurship in India**

All the factors have not been equally affected by Pandemic. As shown in Table 2, there is no major impact on perceived opportunity, perceived capability, and fear of failure. Major influence can be seen on entrepreneurial intentions as it reduced by 39.01% in 2020-21 as compared to 2019-20.

**Table 2: Change in Factors Due to Pandemic**

Particulars	2019-20	2020-21	Difference
Perceived Opportunity	83.1	82.45	-0.84%
Perceived Capability	85.15	81.65	-4.11%
Fear of Failure	55.94	56.8	-1.53%
Entrepreneurial Intention	33.3	20.31	-39.01%
Expect to start-up in the next 3 years	34.91	22.45	-35.79%
Total Entrepreneurial Activity (TEA)	15	5.34	-64.40%
Total Entrepreneurial Activity Male	17.1	7.94	-53.58%
Total Entrepreneurial Activity Female	12.74	2.62	-79.44%

Source: APS Survey 2020-21

The impact on entrepreneurial activity is significant because of COVID-19. Total Entrepreneur Activity (TEA) reduced by 64% in 2020-21 as compared to 2019-20. The other worth considering factor is that TEA reduced more in case of female entrepreneurs by 79.44% as compared to male entrepreneurs for which it reduced by 53.58%. It clearly reveals that the impact has been substantial on females in comparison to males.

If we analyse the impact of Pandemic on entrepreneurship, it can be seen in 2019 (Pre-pandemic), 2020 (First wave), and 2021 (Second or third wave). As per GEM global report 2021-22, the data shows that Total Entrepreneurial Activity (TEA) rate in 2019 was around 15% which fell to almost 5% in 2020. And it again rose to 14% in 2021. If we look at the proportion of adults running an established business, it was around 12% in 2019, 6% in 2020 and 8% in 2021. In APS (Adult Population Survey) 2021 respondents were asked about knowing someone who started or stopped a business during pandemic, 53.4 % respondents in India know someone who started business during COVID and 60 % respondents know someone who stopped due to Pandemic. These figures help to understand the impact of pandemic on entrepreneurship in different contexts.

### Conclusions and Recommendations

Entrepreneurship is an important driving factor for economic growth and recovery. Attitudes and Perception plays significant role in entrepreneurship. The person having positive attitude and perception towards entrepreneurship are likely to engage in entrepreneurial work. These are further influenced by many external and internal factors. While internal factors relate to personality, skill, knowledge, experience etc. external factors relates to environmental situations such as government policies, taxation policies, inflation or recession etc. As observed in the current paper most of the variables affecting attitudes and perception towards entrepreneurship in India are in favourable state except one variable i.e. fear of failure. Most of the adults in India who otherwise have positive attitude for entrepreneurship and agrees that opportunities are available locally are not taking up entrepreneurship because of the fear that they might fail. As per GEM Global Report 2021-22, India is on second highest position amongst 47 countries included in report in context of fear of failure. Further it is more amongst women than men. This factor is affecting entrepreneurial intentions quite adversely so it needs to be addressed appropriately. Evidence based research on entrepreneurship serve as an important guide for policy base for government, entrepreneurs and individuals.

Present study analysed the data available from GEM Global Report for 2021-22 and GEM National Report for India 2020-21 to make some conclusions about the attitudes and perception of people in India towards entrepreneurship. The data clearly reveals the need for creating a favourable environment for entrepreneurship through various entrepreneurship programmes, policies, and trainings. The adult in India also need to be counselled for removing the fear of failing from their minds through different seminars and conferences. The present study can be extended to conduct further empirical study to identify more factors which affects attitudes and perception towards entrepreneurship in India besides the factors included in GEM framework.

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